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MESSAGE OF THE PRESIDENT.

To the Senate of the Confederate States of America:

I herewith transmit to the Senate the reports made by the heads of the Treasury and War Departments, in response to the resolutions of the Senate of the 5th instant, making various enquiries relative to the subjects embraced in the act of 6th February, 1864, entitled "An act to impose regulations upon the foreign commerce of the Confederate States to provide for the public defence."

The importance of this subject induces me to present at some length to the Senate my views upon the policy of the law, and upon its effects as developed by experience.

The first section of the law, (which was passed at the Fourth Session of the First Congress and was the expression of its matured judgment,) prohibits the exportation of the principal products of the Confederate States except under uniform regulations, and the reason for this prohibition is expressed in the preamble to be this: "that the condition of the contest demands that the Confederate States should call into requisition whatever resources of men and money they have for the support of their cause."

The fifth section of the law indicated that the purpose of Congress, in granting power to allow or refuse permission to export the produce of our country, was to enforce a return, in whole or in part, of the value of the produce exported "in military or other supplies for the public service." But a full understanding of the policy of your predecessors can be attained only by taking into consideration another act passed on the same day, and entitled "An act to prohibit the importation of luxuries, or of articles not necessaries or of common use." This last mentioned act absolutely prohibited, during the pending war, the importation of any articles not necessary for the defence and subsistence of the country, and among those excluded from importation were wines, spirits, jewelry, cigars, and all the finer fabrics of cotton, flax, wool or silk, as well as all other merchandise serving only for the indulgence of luxurious habits.

In a word, the two acts were an exercise of the power to regulate commerce, so as to make it subservient to the success of our struggle,

by prohibiting the importation or exportation of merchandise or produce, for any other purpose than national defence and necessary subsistence, until these vital objects should be placed beyond the reach of danger. The two laws form one common system, and they should be so regarded in discussing the propriety of repeal or modification of either.

When signing my approval of these acts, I considered them as measures eminently wise and proper, and as well adapted to remedy existing evils. Complaints were rife through our country that its foreign commerce was almost exclusively in the hands of aliens; that our cotton, tobacco and naval stores were being drained from the States, and that we were receiving in return cargoes of liquors, wines and articles of luxury; that the imported goods being held in few hands and in limited quantities, were sold at prices so exorbitant, that the blockade runners, after purchasing fresh cargoes of cotton, still retained large sums of Confederate money, which they invested in gold for exportation and in foreign exchange; and that the whole course of the trade had a direct tendency to impoverish our country, demoralize our people, depreciate our currency, and enfeeble our defence. Congress believed these complaints well-founded, and in that belief I fully concurred. None doubted that a remedy was desirable, and the present enquiries of the Senate seek information in relation to the efficacy of the remedy provided by the legislation then devised, as developed by actual experience.

My conviction is decided, that the effect of the legislation has been salutary; that the evils existing prior to its adoption have been materially diminished, and that the repeal of the legislation or any modification impairing its efficiency would be calamitous. This opinion is shared by every executive department that has been entrusted with the execution of these laws and regulations, and thus enabled to form a judgment based on observation and experience.

The propriety and justice of a claim on the part of the Government that a share of all vessels engaged in the blockade trade, should be held subject to its use, for the benefit of the whole people, was so obvious, that even before the legislation of Congress, few owners of vessels refused to place at its disposal one-third of the tonnage, both outward and inward, for the importation of supplies and the exportation of the produce necessary to pay for them. On the passage of these laws, it was deemed proper to increase the demand of the Government to one-half. This decision was based not only on the consideration that the Government was burthened with the entire expense of defending the ports of entry, but on the further reason that the enormous gains of the commerce were monopolized by foreigners, free to engage in commerce at their pleasure, while our citizens were engrossed in the sacred duty of defending their homes and liberties, and therefore unable to compete for the trade. It was foreseen that this increase would be resisted, and in a message, on this subject, addressed by me to the House of Representatives, on the 10th June last, it is stated that "for some weeks after the adoption of these regulations, strenuous efforts were made by parties interested in the business to induce a relaxation of the

regulations. Many of the vessels remained unemployed, on the allegation of the owners that the terms imposed by the regulations were so onerous as to render impossible the continuance of the business. The regulations remained unchanged, for I was satisfied from an examination of the subject that this complaint was unfounded, and that the withdrawal of the vessels was an experiment, by a combination among their owners, on the firmness of the Government. The result proved the correctness of this view, for after various attempts to obtain increased advantages, the vessels resumed their voyages, their number has been largely increased, the ability to export produce and import supplies on Government account has been developed to a greater extent than had been anticipated, and the credit of the Government has been so improved in foreign markets that the quotations for its loan have rapidly advanced."

In the same message it was also stated that "among the efforts made to induce a change of the regulations, was a warning given to officers of the Government that the owners of vessels could make better bargains with the Governors of States than with the Confederate Government, and that, if the regulations were not relaxed in their favor, they would transfer their vessels to the Executives of the several States, and thus withdraw them from the operation of the regulations."

Reverting now to the precise enquiries contained in the resolution of the Senate, I answer:

First. That no restriction whatever has been placed on the exercise of the right of any Confederate State to export, on its own account, any of the articles enumerated in the act entitled "an act to improve regulations, &c.," approved February 6, 1864.

Each State not only exports whatever it pleases, but the obligation imposed on private individuals to bring back into the country necessary supplies equal in value to half of the produce exported, is not extended to the States. They are in these respects on a footing of absolute equality with the Confederate Government.

I am aware that complaints have been made of the effect of these regulations by the Governors of some of the States; but their objections are in my judgment without just foundation.

It is not denied by any of them that when a State purchases a vessel it is left under the exclusive control of the State authorities, and that the Confederate Government claims no share of the outward or inward tonnage. It is also admitted that, where the States purchase or charter any part of a vessel not exceeding one-half, the Confederate Government does not interfere with their enjoyment of the portion so purchased or chartered, and confines itself to exacting from the private owner the use of that half not conveyed to the State; but the complaint is, that the Confederate Government will not further consent to yield, for the benefit of a single State, any part of that moiety of the tonnage of each vessel which it has secured under the regulations for the common use and benefit of all the States, of which it is the agent.

By the regulations, as now existing, half the tonnage of all vessels

in the trade has been conveyed to the use of the Confederacy. Why should a single State be allowed to take for its separate use, from the Confederacy, any part of this half? Is it not enough that the remaining half is left open for purchase or charter by the State?

It is plain that a State and the owner of a vessel can have no motive for contracting in such manner as to diminish the tonnage claimed by the Confederacy, unless for a profit that is to be shared by both. Any concession therefore made on this point is in effect the loss of an interest which is the common property of all the States for the joint gain of a single State and of a private capitalist.

Again. The army in the field is the army of the Confederacy, which is charged with the duty of supplying it with clothing, subsistence and munitions of war. The performance of this duty demands the most strenuous exertions, and the command of all the resources that can be reached. Any diminution of our command of those resources by a modification of the existing legislation might lead to disastrous consequences. Under our present arrangements, we are barely able to supply to our brave defenders a moderate share of those comforts which are indispensable to their efficiency. As long as privations are endured by all alike, there is a noble and patriotic emulation in the display of cheerful fortitude in enduring them. But if the common supply now distributed among all is diminished, for the purpose of enabling any one State to add to the supplies furnished her own troops, the effect will be pernicious to an extent that can scarcely be appreciated in advance. I leave it to others to imagine the state of feeling which would ensue if the soldiers of the seaboard States were to be found amply supplied with all necessaries and comforts, standing side by side with the troops of interior States, who would be deprived of a part of what they now receive, in consequence of a diminution of our present means of providing for all alike. If to this it should be answered that the interior States could enjoy the same advantages as the seaboard States by sending agents to the ports to represent them, thus placing all on an equal footing, the reply is obvious. The result would then be to bring all the States back to the same condition in which they now are, that is to say, each possessing its fair share of the advantages derived from the tonnage used by the Confederate Government.

It appears to me that any change in the present regulations so as to affect the rights of the Confederate Government, must necessarily be either useless or mischievous: useless, if no advantage is to be gained by any one State over the others: mischievous in the extreme, if such an advantage is to be the effect of the change.

It has been suggested that there are many articles required by the people of the different States, which can only be obtained through the aid of their Governments, and that the efforts of the Confederate Government are confined exclusively to the supply of the needs of the army. This is true. But one-half of all the tonnage of private owners remains open to employment by the States for the purpose suggested, though perhaps at somewhat greater cost than would be charged if they were permitted to use the portion reserved for the Con-

federacy; but I repeat that there is no justice apparent in the demand that all the States should sacrifice a common right for the profit of a single State, or in diminishing the necessary comforts of the soldier for the benefit of those who remain at home. It is also competent for each State to purchase vessels for its own use, or to purchase shares in common with one or more other States, for the introduction of supplies necessary for the people, without encroaching on the means used by the Confederacy for supplying the army.

Second. Upon the second question, whether the regulations have caused any diminution in the number of vessels engaged in foreign commerce, the report of the Secretary of the Treasury gives such information as satisfactorily establishes the reverse to be the case.

In addition to the statements made by him, derived from official returns, the Secretary of War reports that many new steamers are understood to be on the way to engage in the trade, notwithstanding the impression which prevails that the stringency of the blockade is constantly increasing.

The number of vessels which arrived at two ports of the Confederacy between the 1st November and 6th December was forty-three, averaging more than one per day and indicating no check in the trade. A further and conclusive proof that the profits of this commerce under present regulations are sufficiently tempting to secure its increase, is afforded by the fact that the shares of the companies engaged in it have greatly advanced in value. The shares of one company, originally of $1,000 each, were selling in July last for $20,000 each, and now command $30,000. Those of another company have increased in the same period from $2,500 to $6,000; and all exhibit a large advance.

Third. The third enquiry of the Senate seeks information whether the legislation and regulations have been beneficial or otherwise in their effect on the success of our arms and the supply of means necessary to the public defence. My opinion has already been indicated on this point, and the reports of the Secretaries are decided in the expression of their own convictions of the wisdom of the laws, and the beneficial effects produced by them, in connection with the regulations established for giving them effect.

These laws and regulations have enabled the Government not only to provide supplies to a much greater extent than formerly, and to furnish the means for meeting the instalments on its foreign loan, but to put an end to a wasteful and ruinous contract system, by which supplies were obtained before Congress determined to exercise control over the imports and exports.

Instead of being compelled to give contractors a large profit on the cost of their supplies, and to make payment in cotton in our ports at six pence per pound, we now purchase supplies abroad by our agents at cost in the foreign market, and pay there in cotton which sells at a net price of twenty-four pence per pound. When all the elements of the calculation are taken into consideration, it is by no means an exaggeration to say, that one hundred bales of cotton exported by the Government will purchase abroad the same amount and value of sup-

plies that six hundred bales would purchase, delivered to contractors in the Confederacy. A reference to the report of the Secretary of the Treasury shows that of 11,796 bales of cotton shipped since 1st July last, but 1,272 were lost, not quite eleven per cent. If this be taken as a fair average, and it is believed to be so, out of six hundred bales of cotton exported, five hundred and thirty-four would arrive abroad and yield at forty pounds per bale, £21,360, while the same six hundred bales delivered in payment at a home port at six pence per pound would yield less than £6,000.

There are other advantages derived from buying abroad, rather than contracting with blockade-runners, of no small magnitude, but the foregoing statement will show the enormous profits that were made by them when the Government was forced to contract, instead of purchasing for itself, and will suggest a motive for the strenuous efforts they have not ceased to make, to get rid of the regulations and procure a change in the policy of the Government. It is to the law and regulations that the Government owes its ability to command freight-room, and thus buy and sell for itself, instead of being forced to make contracts so extravagant as those above described. It requires little sagacity to perceive that with temptation so great, the owners of vessels would spare no pains to obtain contracts from the several States, if allowed to do so by law, with the view of again withdrawing from our use, as far as possible, the tonnage of their vessels, and thus compelling a return to the ruinous contract system.

The reports of the Secretaries will fully inform the Senate of the quantity and nature of the supplies obtained by the Government under the present system, and their importance to the national defence will be perceived at a glance.

Fourth. To the fourth enquiry, whether experience has suggested the necessity of the repeal of said act, or any modification or amendment of its provisions, the foregoing remarks would seem to furnish a sufficient answer. But I conclude by renewing the expression of my conviction, that the result of any legislation checking or diminishing the control now exercised by the Government over our foreign commerce would be injurious to the public interest, and would ensure the renewal, in aggravated form, of the evils which it was the purpose of your predecessors to remedy by the laws now in force.

JEFFERSON DAVIS.

Richmond, Va., *December* 17, 1864.

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